EXHIBIT 12
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HB 6

Good morning Mr. Chairman and members of the Committee. My name is Karl Verploegen and I am the President of the North Havre County Water District Board of Directors. I am here today to talk with you about our system, the issues we have faced and are currently facing, and a solution that, with your help, is possible.

The North Havre County Water District was established in 1982 as a member funded water district. We took over an abandoned water system that served an Air Force Radar Site north of Havre. Through hard work and lots of time (mostly volunteer), we built a rural water system to serve about 30 farms in the north Havre area. There is little groundwater available, so farmers had to haul water, some up to 45 miles one-way. The new system was a major improvement in the community. Rates were high at $100 per month, but water was important. With lots of donated help and community support, we were able to keep this system running.

In 1995, we were unable to meet new standards and found it necessary to update our filter system at considerable expense, because of strict DEQ regulations. With membership help, we installed new media (comprised of anthracite, sand, gravel and garnet used to filter the water) in the filters.

In 2002, after 20 years of running our system, we had to raise our rates to $125/month plus $5/thousand to meet expenses. In 2004, we received our first DEQ Disinfection By-Product Violation. We consulted with the engineers who had built the system in an effort to rectify our problem with DBP's. We were advised that the system was not

designed to meet current DEQ regulations. Later that year, we received a turbidity violation notice from DEQ. Consulting with specialists, we decided to change the media again, changed chemicals and installed in-line mixers. Through the year, we added mixing pipes. In November 2006, after all our efforts and expense, we were placed under a DEQ Boil Order. Early in 2007, a DEQ compliance performance evaluation had been completed. Aside from the fact that our system had basically become obsolete, specialists and DEQ were unable to come up with a solution to fix the problems.

In August 2007, it was proposed to run a pipeline from the City of Havre to our water district, by the North Central Montana Regional Water Authority. In an effort to provide the best water possible, we changed chemicals and injection sites and put in new monitoring equipment, but to no avail. In December 2008, we were put under an Administrative Order by DEQ.

We are now connected to and receiving Havre water, but unfortunately, are still in violation for Disinfection By-Products. In order to fix this, we need funding. The Radar Base, which houses the two cisterns that are an important part of our system, was sold in 2001 to an out of state church group. After a lengthy and expensive legal dispute, we have been having utility, access and safety concerns. The property is currently uninhabited and for sale again, which causes more issues. One of the cisterns was condemned this past summer, leaving just one and it is questionable due to possible leaks and contamination.

A new cistern on land we plan to purchase is essential. We would like to use solar power to run the telemetry for our cistern levels. We are on a metered system, but the meters are old and access is a safety issue. Meters are in manholes and well houses, and can be dangerous and at times, inaccessible.

Currently, bills are paid on the honor system, which is questionable. We would like to install remote read meters, so we can bill our customers for actual use. We also need meters on feeder lines, which would allow us to track leaks faster and help us conserve water as well as manage our system more efficiently. The building which houses our booster pumps is old and costly to heat. We have plans to insulate and weatherize it as well as install a new roof and possibly solar heat. We propose to install Variable Frequency Drive pumps to increase the efficiency of our pumping facility and conserve energy. Our chlorine room needs to be completely updated for safety and environmental standards. We need to increase feeder pipe size in certain areas as hydraulic modeling shows we have negative pressure at times, which is a DEQ concern. This may also help with our long-term goal of adding more customers and hopefully lowering our rates, which are among the highest in the state.

We have never applied for assistance and have kept operating with donated time from our members. Without your help, our rates would have to double in order for the district to pay for the necessary improvements, which would make water unaffordable for our community. While it's true DEQ Regulations are stringent, they are looking out for the health of the people of Montana.

Our goal is to supply clean, safe drinking water to our neighbors and families. Without funding, it will be nearly impossible. Farmers and ranchers are overall environmentalists. We make our living by conserving and preserving what Mother Nature has given us. We think that by installing new meters on feeder lines at farms and ranches and addressing cistern leaks, we will conserve water. By owning the land and cistern and purchasing and using more efficient pumps and meters, we will be able to manage our system better.

By putting in more efficient pumps, solar power, electronic controls and weatherizing, we will preserve important natural resources that are being wasted. Finally, developing a reliable water system that delivers clean and safe drinking water will attract younger generations and provide them the opportunity to keep farming and ranching in the future.

Thank you for your time and consideration.